GOVERNMENT OF INDIA
MINES
LOK SABHA

UNSTARRED QUESTION NO:4779
ANSWERED ON:15.12.2016
Lease of Captive Mines
Sahu Shri Lakhan Lal

Will the Minister of MINES be pleased to state:

(a) whether the Government proposes to keep some of the iron ore mines under the ordinary category, if so, the details thereof; and
(b) whether the Government proposes to bring all the captive mines taken by the steel producers on lease under ordinary category by opening bids for the same, if so, the details thereof?

Answer

(a) to (b): There is no such classification of mines as 'ordinary category'. Some of the mining leases granted for iron ore have been granted for captive purpose where the entire quantity of mineral extracted from the mining lease is used in a manufacturing unit owned by the lessee.

The Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 was amended through the MMDR Amendment Act, 2015 which is deemed to have come into force with effect from 12th January, 2015.

One of the amendment provisions provides for the extension of tenure of the existing mining leases to ensure uninterrupted supply of mineral to the industry. In this regard sub-section (5) of section 8A of MMDR Amendment Act, 2015 provides for extension of the tenure of mining lease granted for captive purpose. The said sub-section is reproduced below:-

"(5) Notwithstanding anything contained in sub-sections (2), (3) and sub-section (4), the period of lease granted before the date of commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, where mineral is used for captive purpose, shall be extended and be deemed to have been extended up to a period ending on the 31st March, 2030 with effect from the date of expiry of the period of renewal last made or till the completion of renewal period, if any, or a period of fifty years from the date of grant of such lease, whichever is later, subject to the condition that all the terms and conditions of the lease have been complied with".

On conclusion of lease period, captive mines are to be auctioned. However, sub Section (7) of the Section 8A of MMDR Amendment Act, 2015 provides:

"Any holder of a lease granted, where mineral is used for captive purpose, shall have the right of first refusal at the time of auction held for such lease after the expiry of the lease period".

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